

The Commonwealth of Massachusetts

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204



L. JOYCE HAMPERE
COMMISSIONER

May 17, 1982

You inquire about the Massachusetts income taxation and reporting responsibilities of a Massachusetts chapter of a national organization of ("Chapter"). The Chapter is an unincorporated association. Its primary source of income is the dues it collects from members.

You state that for federal tax purposes the national organization and its chapters are exempt from taxation under Section 501(c)(6) of the Internal Revenue Code ("Code"). This Section provides an income tax exemption for qualifying business leagues and similar organizations not organized for profit whose net earnings do not benefit any private shareholder or individual. Such organizations are subject to federal tax on "unrelated trade or business" income (I.R.C. s. 511(a)). Code Section 513 provides, subject to certain exceptions, that "unrelated trade or business" means any trade or business the conduct of which is not substantially related to the organization's performance of its exempt function.

Massachusetts General Laws Chapter 62, Section 2 defines Massachusetts gross income as federal gross income with certain modifications not here relevant.

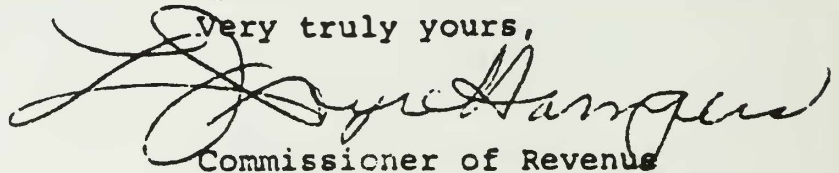
General Laws Chapter 62C, Section 6(a) requires every partnership, association or trust whose federal gross income is in excess of \$100 to make a return of such income.

May 17, 1982

Based on the foregoing, it is ruled that:

1. The dues collected by the Chapter from members are not "unrelated trade or business" income.
2. If the Chapter has no income from an "unrelated trade or business," it is not required to file a Massachusetts tax return or to pay a tax.
3. If the Chapter's federal gross income from an "unrelated trade or business" is \$100 or less, it is not required to file a Massachusetts tax return or to pay a tax.
4. If the Chapter's federal gross income from an "unrelated trade or business" is greater than \$100, it is subject to Massachusetts income taxation and must report such income on Form 3M, Income Tax Return For Clubs and Other Organizations Not Engaged in Business For Profit.

Very truly yours,

A handwritten signature in dark ink, appearing to read "David Langens", written in a cursive style.

Commissioner of Revenue

LJH:JD:mf

LR 82-49